

Attached is our formal letter with comments about Section 7 of the Tax Technical Corrections Act. When we did not receive an e-mail response after submitting our request to comment on October 4th, we called your office and a clerk directed us to send our formal letter to this e-mail address.

Best regards,  
Joseph Englert

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Joseph G. Englert  
President  
Export Assist, Inc.  
44 Montgomery St., Suite 4050  
San Francisco, CA 94104  
[www.exportassist.com](http://www.exportassist.com)



October 30, 2006

The Honorable Bill Thomas  
Chairman, Committee on Ways & Means  
U.S. House of Representatives  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Thomas,

Export Assist, Inc. has provided export finance management services to over 2000 U.S. exporters, most of whom are small to medium-sized companies. We appreciate this opportunity to comment on Section 7 of the Tax Technical Corrections Act of 2006 (HR6264 and companion S4026).

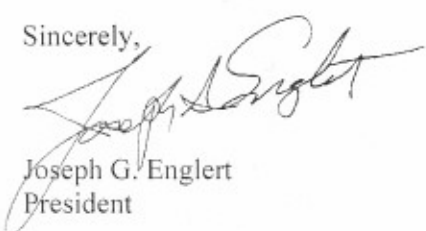
Section 7 repeals the 15% Interest Charge Domestic International Sales Corporation (IC-DISC) dividend rate as of September 29, 2006. This provision could adversely impact privately-held exporters, many of whom operate small businesses and work hard to compete in the global marketplace. These individuals have invested time, effort and money to set up and operate an IC-DISC based upon the legality of the 15% dividend rate, as legislated in the Jobs and Growth Tax Relief Reconciliation Act of 2003, and the fact that the IC-DISC conforms with the GATT findings adopted in 1981. To abruptly remove this tax benefit from them without warning not only creates a financial hardship but could threaten the success of their export business. Many of these small to medium-sized exporters with IC-DISCs are growers in California's San Joaquin Valley.

In order to maintain the ability of U.S. exporters to effectively compete worldwide, we propose removing Section 7 from the Bill. If the Committee wishes to address the 15% IC-DISC dividend rate, they should do so in a way that gives exporters time to debate the ramifications of this change in the legislation. These small to medium-sized exporters have planned and acted in good faith. We can understand your Committee's action but it seems too short a time frame for them to adequately respond.

In addition, please keep in mind that at year-end all export tax benefits end except the IC-DISC. More than ever, U.S. exporters and Congress need to work together. It is important to have export tax benefit legislation that enables exporters to effectively compete internationally which in turn helps to reduce the U.S. trade deficit which is rapidly approaching \$1 trillion a year.

In the interest of our small and medium-sized export clients, Export Assist urges the Committee, before it votes on Section 7, to consider the immediate financial hardship that these exporters would experience should the Bill pass with Section 7 included. We are available to answer any questions that you might have.

Sincerely,



Joseph G. Englert  
President